



## Official Plant Opening



▲ Mr Qin Huanming, Vice President of the China FAW Group Corporation and President Jacob Zuma, with Harris Moodley, FAW Regional Technical Manager during the official opening of the Coega plant.

## FAW makes automotive history in SA

South Africa, the Eastern Cape and the Coega IDZ are set for future growth after FAW Vehicle Manufacturers SA (PTY) LTD officially opened its vehicle manufacturing plant in July this year.

The opening of the latest expansion in local vehicle manufacturing marked a historic moment in SA's Automotive Industry history. As the first FAW commercial vehicle, built in South Africa, rolled off the assembly line at the FAW production plant at Coega, in the Eastern Cape, President of the Republic of South Africa, Jacob Zuma, who officiated the opening, said the new plant was indicative of a positive future for the industry. "This is the culmination of a USD 60 million investment in the Eastern Cape, as well as the start of a resurgence in the primary automotive industry, second-tier industries and the creation of many new jobs."

President Zuma said: "Following our BRICS trade agreements, this massive investment by a Chinese

Corporation augers well for the future of this partnership between our countries.

"The establishment of the FAW Coega plant has the added advantage that South Africa remains seen as an investment destination of choice. This is an example to other global companies, which can rest assured that the South African government is doing everything possible to maintain its world-class offering as a springboard into unlocking the potential of the African continent," said Zuma. "Our focus in the next five years to 2020 is to provide a sustainable energy mix for the country. Energy security is key to enhancing SA's global competitiveness."

"Opening the FAW plant here in Coega, will remain a remarkable example of the positive co-operation that we as South Africans can attract from foreign investors. It is imperative to job creation, our growth and future prosperity," Zuma concluded.



# “A shining pearl on the African continent”



Mr Qin Huanming, Vice President of the China FAW Group Corporation, said: “As a shining pearl on the African continent, South Africa enjoys sound political, economic and legal systems, as well as excellent infrastructure and abundant labour resources. These favourable conditions have strengthened FAW’s confidence to invest in South Africa,” said Huanming.

Originally announced in 2012, the decision to construct the local FAW plant was not one that was taken lightly, explained FAW Vehicle Manufacturers SA (PTY) LTD: “We could have gone to Kenya, or Tanzania where FAW has

been present in sales and service for over 30 years – but in the end we chose South Africa because of the infrastructure. It then came down to a choice between East London and Coega.”

In the end Coega was chosen because, “the infrastructure is perfect”. The decision to build the FAW plant in South Africa was very significant from a global perspective, as it is one of the most important and largest investments made by a Chinese entity in South Africa to date. The total investment was financed by China FAW Group Corporation, the China-Africa Development

Fund (CAD-Fund) together with FAW Africa Investment Company LTD. This collaboration speaks volumes to the growing interest from global Chinese Industry in unlocking the true Africa potential.



▲ Training on the production line.



From the left to right - Deputy CEO of the China-Africa Development Fund, Mr Lu Qingcheng; President Jacob Zuma; Vice President of the China FAW Group, Mr Qin Huanming; and the Ambassador of the People’s Republic of China, Mr Tian Xuejun.

The first-phase of the Coega plant, covering 103 000m<sup>2</sup> of land and a 28 000m<sup>2</sup> plant – complete with training facilities, allows the company to provide its extensive client base with a sense of pride and patriotism by ‘buying local’. The plant will ramp-up to produce 5 000 trucks per annum, supplying trucks to the South African market, as well as to the rest

of Africa, in both right-hand and left-hand-drive derivatives. Plans in place estimate that 40% of production will be destined for the South African territories, while 60% will be exported.

FAW remains positive about the future and the growth plan that has been formulated for the FAW brand in South Africa. FAW internationally, rose as a result of the political

dispensation in China which allowed more free-market enterprise and encouraged overseas exports. “As China grew then, so will Africa grow now, and FAW is ideally placed to benefit from the demand for vehicles on the continent as FAW has established a solid presence, where it counts,” said Mr Qin Huanming.

## Unique Body-building Plant to follow

Yusheng Zhang, CEO of FAW Vehicle Manufacturers SA (PTY) Ltd. also shared more developments already in place for future growth: “Following the smooth introduction of our commercial vehicle production line, which includes the full chassis, driveline, cab fitment and paint shop, we plan, in the near future, to commission our fully integrated Body-building Facility.

“This is an exciting extension of the FAW manufacturing option in South Africa and a truly unique one at that. The Body-building

Facility will be equipped to build complete Tipper Bodies, Mixer Truck Bodies and ultimately customer-specific trailer configurations. We are at present reviewing the manufacture of a waste compactor vehicle.

“What will be extraordinary and certainly another ‘first’ is that FAW Vehicle Manufacturers SA (PTY) Ltd will offer its Body-building Facility to other brands of Commercial Vehicle Manufacturers.”

“FAW SA’s existing assembly facility in Isando, Gauteng, will be transformed into a

fully fledged Service Centre which will also accommodate the Parts Warehouse,” continues Yusheng Zhang.

“Our Johannesburg-based Parts Warehouse carries stock to the value of just over ZAR 38 million, while our Cape Town and Durban branches each hold an additional ZAR 20 million in parts, totaling ZAR 78 million to support SA and Africa customers,” said Zhang.



# A number of firsts for FAW

- At a cost of USD 60 million towards the establishment of the modern, high-quality vehicle production plant and all its associated infrastructure, this is truly the largest recent vote of confidence in the local vehicle industry.
- The Coega plant with its build-capacity of 5 000 units per annum, represents the first high-quality Chinese manufacturer to

set-up and contribute on this scale, in the Eastern Cape region.

- FAW Vehicle Manufacturers SA (PTY) LTD is the first OEM to build locally its entire range of commercial vehicles sold here – 14 models spanning the Medium, Heavy and Extra-Heavy Commercial Vehicle segments. Henceforth all FAW trucks in SA can carry the badge of honour of – ‘Made in South Africa’.

- Future plans include the commissioning of a Body-building Facility at the Coega plant. Tipper Truck bodies, Mixers and Customised Trailers will be built in the facility adjoining the main plant. FAW will be the first SA-based OEM to offer its Body-building Facility to other Commercial Vehicle Manufacturers.

